

MIDWEST HOLDING, INC.
AUDIT COMMITTEE CHARTER
Adopted June 7, 2016

I. PURPOSE

The purpose of the Audit Committee (the “**Committee**”) of the board of directors (the “**Board**” or, when referring to the individuals, the “**Directors**”) of Midwest Holding, Inc., a Nebraska corporation (the “**Company**”), is to assist the Board with oversight of the integrity of the Company’s financial statements, in reviewing the development and adherence to the Company’s internal control policies and procedures, in promoting compliance with applicable legal and regulatory requirements, and in assessing the qualifications, independence, and performance of the Company’s independent registered auditors.

The primary role of the Committee is to oversee the financial reporting and disclosure process. To fulfill this obligation, the Committee relies on: management for the preparation and accuracy of the Company’s financial statements; management for establishing effective internal controls and procedures to ensure the Company’s compliance with accounting standards, financial reporting procedures and applicable laws and regulations; and the registered independent auditors for an unbiased, diligent audit or review, as applicable, of the Company’s financial statements and the effectiveness of the Company’s internal controls. The members of the Committee are not employees of the Company and are not responsible for conducting any audit of the Company or its subsidiaries or performing other accounting procedures.

II. COMPOSITION OF THE COMMITTEE

The Committee shall consist of at least three (3) Directors as determined by the Board. Each member of the Committee shall be independent in accordance with the requirements of Rule 10A-3 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), in accordance with the rules of any principal securities exchange upon which the Company may list its securities for trading (the “Exchange”), and as otherwise required by securities laws, rules and regulations. Committee members (the “Members”) (i) may not accept any consulting, advisory or other compensatory fee from the Company or any of its subsidiaries, other than in his or her capacity as a Director or as a member of any committee of the Board, and (ii) may not be an “affiliate” of the Company or any subsidiary of the Company, as such term is defined in Rule 10A-3 under the Exchange Act.

Each Member must be “financially literate” and as such must be able to read and understand fundamental financial statements, including a company’s balance sheet, income statement and cash flow statement, at the time of the Member’s appointment. No Member shall have participated in the preparation of the Company’s or any of its subsidiaries’ financial statements at any time. At least one (1) Member shall qualify as an “audit committee financial expert” as defined in Item 407(d)(5)(ii) of Regulation S-K of the U.S. Securities and Exchange

Commission (the “SEC”) and shall have accounting or related financial management expertise, if and as required by the rules of the SEC and the Exchange rules.



The Members shall be appointed by the full Board after an affirmative judgment and declaration by the Board that each Member is “independent” and shall serve until their successors shall be duly elected and qualified. A chairman shall be appointed by the full Board (the “Chairman”). The Board may remove any Member at any time with or without cause.

III. DUTIES AND RESPONSIBILITIES

The Committee shall have the following authority and responsibilities:

To (1) select and retain an independent registered public accounting firm to act as the Company’s independent auditors for the purpose of auditing the Company’s annual financial statements, books, records, accounts and internal controls over financial reporting, (2) set the compensation of the independent auditors, (3) oversee the work done by the independent auditors and (4) terminate the independent auditors, if necessary.

To select, retain, compensate, oversee and terminate, if necessary, any other registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attestation services for the Company.

To pre-approve all audit and permitted non-audit and tax services that may be provided by the independent auditors or other registered public accounting firms, and establish policies and procedures for the Committee’s pre-approval of permitted services by the independent auditors or other registered public accounting firms on an on-going basis.

At least annually, to obtain and review a report by the independent auditors that describes (1) the accounting firm’s internal quality control procedures, (2) any material issues raised by the most recent internal quality control review, peer review or Public Company Accounting Oversight Board (“PCAOB”) review or inspection of the firm or by any other inquiry or investigation by governmental or professional authorities in the past five years regarding one or more audits carried out by the firm and any steps taken to deal with any such issues, and (3) all relationships between the firm and the Company or any of its subsidiaries; and to discuss with the independent auditors the report and any relationships or services that may impact the objectivity and independence of the auditors.

At least annually, to evaluate the qualifications, performance and independence of the independent auditors, including an evaluation of the lead audit partner; and to assure the regular rotation of the lead audit partner at the independent auditors and consider rotation of the accounting firm serving as the independent auditors.

To review and discuss with the independent auditors (1) the auditors’ responsibilities under generally accepted auditing standards and the responsibilities of management in the audit process, (2) the overall audit strategy, (3) the scope and timing of the annual audit, (4) any significant risks identified during the auditors’ risk assessment procedures and (5) when completed, the results, including significant findings, of the annual audit.

To review and discuss with the independent auditors (1) all critical accounting policies and practices to be used in the audit; (2) all alternative treatments of financial information within generally accepted accounting principles (“GAAP”) that have been discussed with management, the ramifications of the use of such alternative treatments and the treatment preferred by the auditors; and (3) other material written communications between the auditors and management.

To review and discuss with the independent auditors and management (1) any audit issues, including difficulties encountered by the independent auditors during their audit work (such as restrictions on the scope of their activities or their access to information), (2) any significant disagreements with management as to accounting policies, practices or problems, and (3) management’s response to these issues, difficulties or disagreements; and to resolve any disagreements between the independent auditors and management.



To review with management and the independent auditors: any major issues regarding accounting principles and financial statement presentation, including any significant changes in the Company's selection or application of accounting principles; any significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including the effects of alternative GAAP methods; and the effect of regulatory and accounting initiatives and off-balance sheet structures on the Company's financial statements.

To review with management and the independent auditors the adequacy and effectiveness of the Company's internal controls, including any significant deficiencies or material weaknesses in the design or operation of, and any material changes in, the Company's internal controls and any special audit steps adopted in light of any material control deficiencies, and any fraud involving management or other employees with a significant role in such internal controls, and review and discuss with management and the independent auditors disclosure relating to the Company's internal controls, the independent auditors' report on the effectiveness of the Company's internal control over financial reporting and the required management certifications to be included in or attached as exhibits to the Company's annual report on Form 10-K or quarterly report on Form 10-Q, as applicable.

To review and discuss with the independent auditors any other matters required to be discussed by PCAOB Auditing Standards No. 16, Communications with Audit Committees.

To review and discuss with the independent auditors and management the Company's annual audited financial statements (including the related notes), the form of audit opinion to be issued by the auditors on the financial statements and the disclosure under "Management's

Discussion and Analysis of Financial Condition and Results of Operations" to be included in the Company's annual report on Form 10-K before the Form 10-K is filed.

To recommend to the Board that the audited financial statements and the disclosure under "Management's Discussion and Analysis of Financial Condition and Results of Operations" be included in the Company's annual report on Form 10-K and produce the audit committee report required to be included in the Company's proxy statement.

To review and discuss with management policies and guidelines to govern the process by which management assesses and manages the Company's risks, including the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.

To set specific Company hiring policies for employees or former employees of the independent auditors.

To establish and oversee procedures for the timely receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by Company employees of concerns regarding questionable accounting or auditing matters.

To review, approve and oversee any transaction between the Company and any related person (as defined in Item 404 of Regulation S-K) and any other potential conflict of interest situations on an ongoing basis, in accordance with Company policies and procedures.

IV. OUTSIDE ADVISORS

The Committee shall have the authority, in its sole discretion, to retain and obtain the advice and assistance of independent outside counsel and such other advisors as it deems necessary to fulfill its duties and responsibilities under this Charter. The Committee shall set the compensation, and oversee the work, of any outside counsel and other advisors.



The Committee shall receive appropriate funding from the Company, as determined by the Committee in its capacity as a committee of the Board, for the payment of compensation to the independent auditors, any other accounting firm engaged to perform services for the Company, any outside counsel and any other advisors to the Committee.

V. MEETINGS AND OPERATIONS

The Committee shall meet at least four (4) times annually but in any case as often as necessary to carry out its responsibilities. The Committee shall report regularly to the Board regarding its actions and make recommendations to the Board as appropriate. The Committee is governed by the same rules regarding meetings (including meetings in person or by telephone or other similar communications equipment), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board.

The Committee shall meet separately, and periodically, with management and with representatives of the independent auditors.

The Committee shall review this Charter at least annually and recommend any proposed changes to the Board for approval

VI. DELEGATION OF AUTHORITY

The Committee shall have the authority to delegate any of its responsibilities, along with the authority to take action in relation to such responsibilities, to one or more subcommittees as the Committee may deem appropriate in its sole discretion.